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OPPOSING VIEWS ON ACCELERATED RETIREMENT

(Section 5 of proposed CIA Legislation)

The Agency's Proposal

1. Grant  $1\frac{1}{2}$  years credit for each 1 year of overseas service so as to increase retirement annuity. \*
2. To receive credit, employee must be at least age 50.
3. Special credit would be given only for overseas service with CIA from the date of its creation in 1947.
4. Service in territories and possessions would be counted.

\* This has the present effect of granting  $2\frac{1}{4}$  per year for overseas service as against regular  $1\frac{1}{2}$  in computing annuity. Thus - 30 years total service with 10 years spent in overseas service would be computed as 35 years service. Stated another way, 20 years would be computed at  $1\frac{1}{2}\% \times$  average highest salary and 10 years  $\times 2\frac{1}{4}\% \times$  average highest salary.

Bureau of the Budget Proposal

1. There must be a minimum time spent in overseas service in order to qualify. 10 years is suggested as minimum with possible compromise at 9 years.
2. There must be a minimum time spent in total government service. 20 years is suggested.
3. The "bonus" and regular time must not aggregate more than 2 percent. Thus - for each year spent in overseas service, additional credit of four, rather than six months, would be granted.
4. In order to be granted to any person retiring between ages 50 and 60, the Agency must involuntarily separate the employee. It is suggested that the Director use his special authority in Section 102(c), NSA of 1947. Retirements at age 60 or above would not require involuntary separation.
5. Do not limit application to present CIA employment acquired since 1947, i.e., do not exclude SIG, SSU, OSS, or service with other agencies of U.S. Government in an overseas area.
6. Limit to service outside continental U.S., its territories and possessions.

1cc - IG } 3/27/52  
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SECTION 5. Such act is amended by inserting a new Section 9 which shall read as follows:

Section 9. (a) For the purpose of computing eligibility for retirement and the amount of the annuity under the Civil Service Retirement Act (Act of 22 May 1920, as amended, 5 U.S.C. 691) each year of service outside the continental United States as an employee of the Agency after 18 September 1947 shall be credited as one and one half years of service and each such year shall serve to lower the retirement ages prescribed in the Civil Service Retirement Act by six months. Provided, That voluntary retirements shall not be allowed until such persons shall have reached 50 years of age. Such additional credits shall be granted proportionately for fractional years of service.

(b) No annuity paid under the Civil Service Retirement Act shall be reduced solely because the annuitant has retired at an age lowered in accordance with the provisions of subsection (a) of this Section. The base age provided by the Civil Service Retirement Act for computing a percentage reduction in annuities shall be reduced by the same amount as the reduction in retirement age made in accordance with subsection (a) of this Section.

SECTION 6. Section 10(a)(1) of such Act is amended by inserting "Chapter 171 of" immediately before "28 U.S.C."

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Bureau of the Budget Proposal

The Agency's Proposal

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2. To receive credit, employee must be at least age 50.
3. Special credit would be given only for overseas service with CIA from the date of its creation in 1947.
4. Service in territories and possessions would be counted.

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\* This has the present effect of granting  $2\frac{1}{2}\%$  per year ~~x~~ overseas service as against regular  $1\frac{1}{2}\%$  in computing annuity. Thus - 50 years total service with 10 years spent in overseas service would be computed as 35 years service. Stated another way, 20 years would be computed at  $1\frac{1}{2}\% \times$  average highest salary and 10 years  $\times 2\frac{1}{2}\% \times$  average highest salary.

1. There must be a minimum time spent in overseas service in order to qualify. 10 years is suggested as minimum with possible compromise at 9 years.
2. There must be a minimum time spent in total government service. 20 years is suggested.
3. The "bonus" *and regular aggregate service* time must not ~~be~~ <sup>be</sup> 2 percent. Thus - for each year spent in overseas service only  $\frac{1}{2}\%$  may be added in computing the annuity instead of the  $3\frac{1}{4}\%$  now in Agency proposal.
4. In order to be granted to any person retiring between ages 50 and 60, the Agency must involuntarily separate the employee. It is suggested that the Director use his special authority in Section 102(\*), NSA of 1947. Retirements at age 60 or above would not require involuntary separation.
5. Do not limit application to present CIA employment acquired since 1947, i.e. do not exclude CIA, DDCI, OSS, or ~~service~~ with other agencies of U. S. Government in an overseas area.
6. Limit to service outside continental US, its territories and possessions.

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EXAMPLE OF RETIREMENT AT AGE 55  
WITH 30 YEARS TOTAL SERVICE  
INCLUDING 10 YEARS OVERSEAS SERVICE

[Assuming highest 5-year average salary of \$7500]

PRESENT LAW	AGENCY PROPOSAL	BUREAU OF BUDGET PROPOSAL*
\$ 7500 <u>x 1½%</u> 112.50 <u>x 30</u> yrs of service \$ 3375.00 Annual Annuity*	\$ 7500 <u>x 1½%</u> 112.50 <u>x 35</u> yrs of service** \$ 3937.50 Annual Annuity**  * Reduced by 1/4 of 1% for each full month employee is under age 60.  ** No reduction because of early retirement.	\$ 7500 <u>x 1½%</u> 112.50 <u>x 33 1/3</u> yrs of service** \$ 3749.63 Annual Annuity***  * Agency must separate employee involuntarily.  ** 20 yrs at regular credit, 10 yrs at time and one-half credit.  *** No reduction because of early retirement.

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